

Arizona Department of Economic Security Division of Developmental Disabilities

Rebase Rate Development

Town Hall Meetings

October 15-18, 2013

Agenda

- Introduction
- The Rebasing Process
- General Methodologies for Rate Models
- Specific Methodologies for Rate Models
- Closing

Introduction

- Statutory Requirements
- Services included in Rebase
- Benchmark & Adopted Rates
- Independent Cost Models
- Historical Provider Network

Introduction

■ Statutory Requirements

- The Division is mandated by law to “perform a complete study of reimbursement rates” every five years

■ Services included in Rebase

- Home & Community Based Services
- Independent Living Services
- Day Treatment & Training Services
- Developmental Home Services
- Group Home Services
- Professional Services
- Employment Support Services
- Specialized Habilitation Services
- Transportation Services

Introduction

- Benchmark & Adopted Rates
 - “Benchmark Rates” - fair and equitable rates
 - “Adopted Rates” - the rates actually paid based on available funding

- Independent Cost Models
 - Representation of cost of service delivery
 - Major Factors within Models

Introduction

- The Division's rates have increased by approximately 3% since SFY 04
- Increases are attributable to legislative action that either:
 - Sought to keep the provider rates even with inflation or,
 - To “close the gap” between the Adopted and Benchmark rates
- Exceptions are the reductions to provider rates in FY09 and FY12 in response to the State of Arizona general budgetary shortfalls



Arizona Department of Economic Security
Division of Developmental Disabilities
Rebase Project



Rebase Rate Development
The Process

The Process

- Division's Vision was to have a collaborative process that would:
 - Engage providers
 - Engage DDD staff
 - Engage multiple consulting firms
 - Continue to support the Independent Rate Models
 - Develop a valid and sustainable rate structure
- Division envisioned two major areas for the project
 - Special Studies
 - Rate Development

The Process

Special Studies

- The Division commissioned nine special studies:
 - Provider focus groups
 - A summary of Division rate changes since the inception of the rate schedule
 - A wage analysis for direct care staff
 - A provider survey
 - Impact of the Affordable Care Act on provider costs

The Process

Special Studies - Continued

- The Division commissioned nine special studies:
 - Review of the operation and costs of Habilitation, Nursing Supported Group Homes
 - Review of the operation and costs of Habilitation, Community Protection and Treatment, Group Homes
 - Medicare eligibility and the potential impact of Third Party Liability billings for some services
 - A review of Intermediate Care Facility (ICF-IDD) rate structure

The Process

Rate Development

- The Consultant Workgroup (CWG) Responsibilities
 - Burns & Associates, Inc.
 - Developmental Home Services
 - Group Home Services
 - Therapy Services
 - Specialized Habilitation Services
 - Navigant Consulting, Inc.
 - Home & Community Based Services
 - Independent Living Services
 - Day Program Services
 - Nursing Services
 - Employment Support Services
 - Transportation Services

The Process

Wage Analysis

- Comprehensive analysis of direct care staff salaries
 - Utilized recent data reported by the Bureau of Labor Statistics (May 2012)
 - Detailed analysis of appropriate direct care job categories based on service description
 - Examination undertaken as wages and Employee Related Expenses (ERE) comprise approximately 70% of the rates

The Process

Provider Survey

The provider survey was designed to collect information to “inform” the rate setting process.

- Initial design by the Division and the CWG
- February 25th – 28th – Draft version of provider survey reviewed with Focus Groups
- Survey revised based upon feedback
- March 18th – Survey distributed to 526 providers
- June 6th – Final deadline for submission of surveys
- July 14th – Final results generated

The Process

Provider Survey

- 78 Surveys Received (14.8%)
 - Respondents represented 35% of services (based on Revenue) billed to DDD during SFY12
- Responses represented a variety of Agencies:
 - 12 of top 25 (in Revenue)
 - 24 of top 50 (in Revenue)
- All surveys were reviewed and all responses were considered although outliers were calculated for some results. Any questionable responses were verified with the submitting provider.

The Process

Provider Survey

- Areas of inquiry included:
 - Wage levels
 - Estimated turnover by service
 - Employee Related Expenses (ERE)
 - Productivity factors by service
 - Other service specific costs and factors
 - Actions providers have taken as a result of the DD rate reductions

The Process

Provider Survey

■ Results of the Survey

- Providers are generally paying below the 25th percentile of the market
 - Largest differences are in Day Treatment and Habilitation, Group Home
- Assumptions used in the proposed models are generally above the provider survey response and set at the midpoint between the 25th and 50th percentile of the market study
- All in-home services appear to be treated as interchangeable by providers
 - Little wage difference for direct care staff across the in-home services
- There appears to be no difference in wages for the community protection and regular group homes

The Process

Provider Survey

- Results of the Survey – Continued
 - Most providers (62%) offer health insurance as a benefit to full-time employees
 - Average cost to provider per full-time employee was \$346 per month
 - Most providers (64%) offer paid time off as a benefit to full-time employees
 - Average paid time off of approximately 15 days
 - Approximately 28% of providers offer a retirement plan to full-time employees
 - Less than 25% of eligible employees participate
 - Less than half of the responding providers offer other benefits
 - Average cost of additional benefits is \$19

The Process

Focus Groups

- Focus groups with providers were conducted as part of the Rebase
- The Division requested that the CWG lead a series of service provider focus group meetings
- Groups were conducted over four sessions throughout the process

The Process

Focus Groups

- Initial and Follow-up Focus Groups
 - February 11th – February 15th Introduction and goals of the Rebase project
 - Week of February 25th – February 28th gather provider feedback on survey and draft rate model structure
- Provider Survey
 - March 18th – June 6th survey in the field
- Data Analysis Focus Groups
 - June 24th – June 28th discuss survey results
- Final Focus Groups
 - September 13th – September 19th review preliminary rates



Arizona Department of Economic Security Division of Developmental Disabilities Rebase Project

Rebase Rate Development
General Methodologies for Rate Models

General Methodologies for Rate Models

- Overarching Decisions Guiding Rate Development
 - Benchmark Rates anticipated to be in place beginning July 2014
 - “Play the middle of the fairway”
 - Construct models regardless of budget impact – budget addressed in implementation
 - Two exceptions made in establishing wage and ERE levels
 - Rates should be sufficient for providers to offer health insurance to direct care workers
 - Models should provide a productivity factor to ensure adequate direct care worker training
 - Current models (circa 2003) are inadequate in providing for administrative and program support expenditures

General Methodologies for Rate Models

- In constructing the rate models, there are five primary areas that are modeled for each service:
 1. Wages
 2. Employment Related Expenditures (ERE)
 3. Productivity of Direct Service Staff
 4. Program Support
 5. Administrative Expenses

General Methodologies for Rate Models

- Examples of other factors that may be included:
 - Mileage
 - Transportation Costs
 - Supervision
 - Attendance/Absence Factor
 - Staffing Ratios
 - Supplies

General Methodologies for Rate Models

- The factors included in any particular service's model are derived from the service definition. Variations can occur between the models for such elements as:
 - Direct service staff qualifications
 - Productivity
 - Training and supervision requirements
 - Inclusion/exclusion of transportation
 - Place of service – such as facility, community, or client's home

General Methodologies for Rate Models

Wages

- The single largest component in the Rate Models
- Special emphasis was placed on wage levels
- Compared to survey results (inflation adjusted)
- Bureau of Labor Statistics (BLS) data was used to:
 - Select Standard Occupational Codes
 - Build composite wages rate, where necessary, for each DDD service
 - Obtain wage levels at various percentiles as well as the mean
- Arizona wage data as of May 2012, inflated to December 2014 (midpoint of SFY 2015)

General Methodologies for Rate Models

Employee Related Expenses (ERE)

- FICA
- FUTA/SUTA
- Workers' Compensation
- Optional Benefits
 - 25 Paid days off per year
 - \$370 per person per month for Health Insurance
 - \$35 per month for other Optional Benefits
- Includes downward adjustment factor to optional benefits to account for 24% of services delivered by part-time employees
 - No adjustment for turnover or waiting periods

General Methodologies for Rate Models

Employee Related Expenses (ERE)

- Each model uses one of three different ERE percentages depending upon the wage level used for the direct care worker
 - 35.0% for wages up to \$13.00 per hour
 - 30.0% for wages between \$13.01 and \$19.99 per hour
 - 23.0% for wages of \$20.00 per hour and above

General Methodologies for Rate Models

Productivity of Direct Service Staff

- Productivity factors include non-billable but necessary and/or actual functions of staff
- An example of the calculation of productivity:
 - An employee earns \$10 per hour and works eight (8) hours per day
 - The employee is paid \$80 per day ($\$10 * 8$)
 - If the employer can only bill for four (4) hours per day because of employee travel time between clients' homes:
 - The employer must be able to bill \$20 per service hour to cover the cost of the wages ($\$20 * 4 = \80)
- Thus, a productivity adjustment of 2.00 is required
 - $\$10 * 2.00 = \20.00

General Methodologies for Rate Models

Productivity of Direct Service Staff

- Virtually all models have a productivity factor included for:
 - Service Notes or Medical Records
 - Training
 - Most services allow for 40 hours per year
 - Professionals and intensive services allow for 56 hours per year
 - Employer Time
 - Most services allow for 0.5 hours per week (staff meetings)

General Methodologies for Rate Models

Productivity of Direct Service Staff

- As appropriate to the specific service being modeled, other non-billable time was accounted for the time allocated to:
 - Travel Time
 - Participation in ISPs and/or assessments
 - Missed appointments
 - Facility preparation/program set up and clean up
 - Consultation with medical providers
 - Job development activities

General Methodologies for Rate Models

Program Support

- Program support costs are considered as:
 - ... expenses that are neither direct care nor administrative.*
 - Such activities are program-specific, but not billable.*
- Two different program support factors were used in the rate models:
 - In general, 8% of the resulting rate
 - For most professional services, 4% of the resulting rate
 - Change in methodology
- In some cases the factor replaced other factors in the model (e.g. program compliance)

General Methodologies for Rate Models

Administrative Expenses

- Administration costs are:
 - ... costs associated with the operation of your organization, but which are not program-specific. Employees that are typically considered administrative include general management, financial/accounting, and human resource staff.*
- All rate models (with the exception of room and board) include a factor for administration
- Calculation change from prior methodology
 - Prior methodology - provided for effective 8.5% of the total rate
 - New methodology - 10% of the resulting rate
 - Increases component about 1.5%

General Methodologies for Rate Models

Methodology for Calculating Administrative Expenses

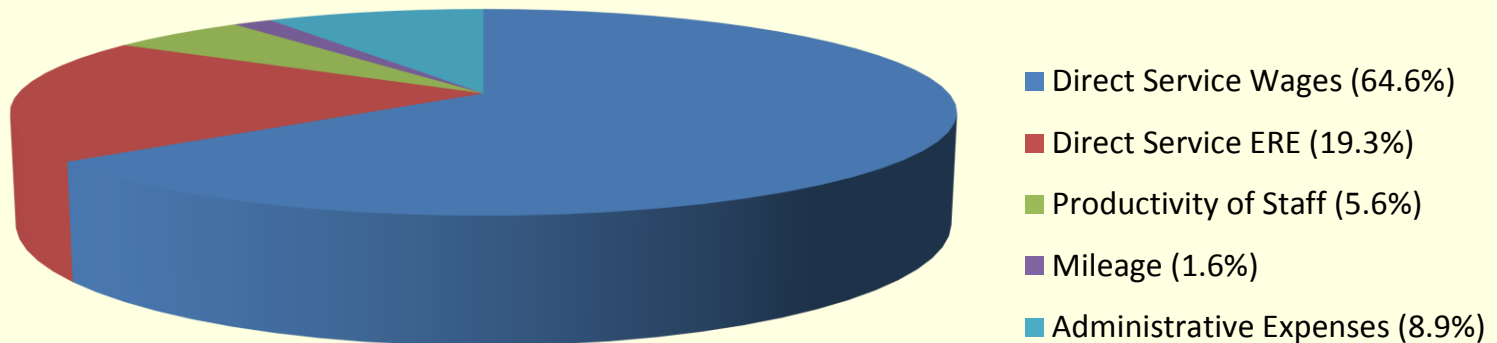
Example of the Impact of the Changed Methodology for Calculating Administrative Expenses

	SFY 04 Model	Proposed Rebased
Hourly Wage	\$9.12	10.22
Annual Wage	\$18,978	\$21,258
Hourly Wage with ERE	\$11.86	\$13.80
Hourly Wage with Productivity Adjustment	\$12.65	\$15.66
Hourly Mileage Cost	\$0.23	\$0.64
Total Non-Travel Costs	\$12.65	\$16.30
Total Benchmark Rate		\$19.87
Administrative Costs		
Calculation	$\$12.65 \times 10\%$	$\$19.87 / 90\%$
Costs	\$1.27	\$1.99

General Methodologies for Rate Models

Components of Arizona's Rate Model

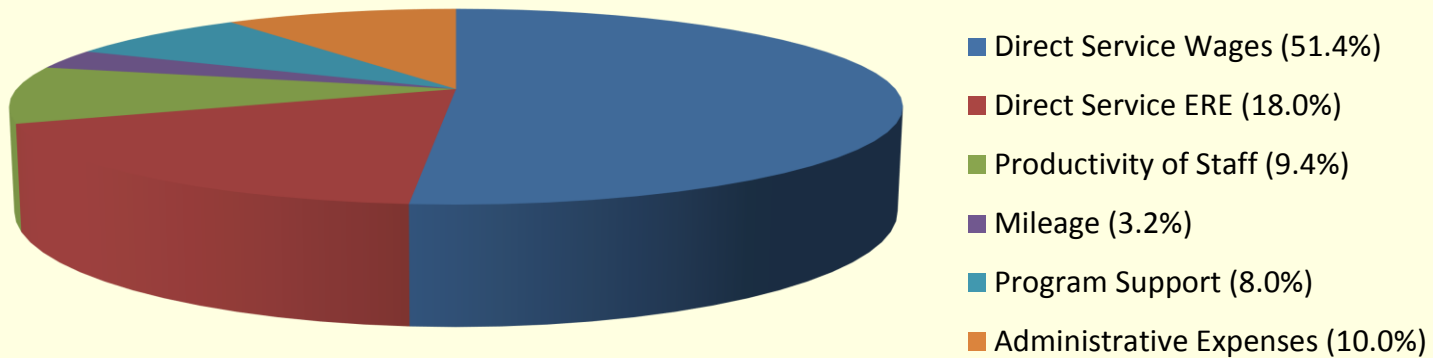
- Based on Current Attendant Care Model (SFY14 Benchmark Rate)



General Methodologies for Rate Models

Components of Arizona's Rate Model

- Based on Proposed Attendant Care Rebase Model (SFY15 Benchmark Rate)



General Methodologies for Rate Models

Other Factors

- Urban and Rural
 - Multiple services have been proposed to have Urban and Rural rate models
 - Unless otherwise indicated:
 - Urban: services provided within Maricopa or Pima county
 - Rural: services provided outside of Maricopa or Pima county
- Exceptions include Therapy and Nursing and are eligible for a three area geographic modified rate.

General Methodologies for Rate Models

Other Factors

- Three area geographic modified rate
- Therapy
 - Base Area: Coconino, Maricopa, Pinal and Yavapai counties
 - Area 1: Cochise, Gila, La Paz, Mojave, Navajo, Pima and Santa Cruz counties
 - Area 2: Apache, Greenlee, Graham, and Yuma counties
- Nursing
 - Base Area: Maricopa, Pima, and Pinal counties
 - Area 1: Coconino, Gila, La Paz, Mojave, Navajo, Santa Cruz, Yavapai and Yuma counties
 - Area 2: Apache, Greenlee, Graham and Cochise counties

General Methodologies for Rate Models

Other Factors

Enhanced Mileage Rate

- The Enhanced Mileage Rate is used in the Day Treatment, Group Home, and Transportation Models
- In building the Enhanced Mileage Rate the following assumptions were made:
 - Acquisition cost of the vehicle is \$37,500
 - Lift installation costs are assumed at \$16,000
 - The salvage value at the end of the 100,000 mile lifespan is \$5,000
 - The lifespan cost of the vehicle is \$48,500
 - An attendance factor of 90%
- The composition of the Enhanced Mileage Rate is:

Standard Mileage Rate	\$ 0.565
Discount Acquisition	\$ (0.230)
Addition for Acquisition Adjustment	\$ 0.485
Enhanced Mileage Rate	\$ 0.82

General Methodologies for Rate Models Impact

- The current Rebase is recommending an approximate increase of 25.6% to the Division's Rate Schedule
- The recommended rates produce estimated increased payments of approximately \$173 million in total funds
- The state match required is approximately \$64 million

**Percent Change to the Division's Rate Schedule
Proposed Benchmark Rates to SFY 2014 Adopted Rates**

	CWG Rebase Rates	
	Percentage Increase	Dollar Increase
HCBS Agency	46.50%	\$85,370,477
EI & Day Treatment	13.60%	\$6,302,320
Residential	22.00%	\$41,372,718
Professional	50.10%	\$28,219,419
Employment	39.80%	\$6,467,977
Spec. Habilitation	125.50%	\$694,150
Transportation	49.80%	\$4,379,085
Grand Total	25.60%	\$172,806,147



Arizona Department of Economic Security Division of Developmental Disabilities Rebase Project

Rebase Rate Development
Specific Methodologies for Rate Models

Specific Methodologies for Rate Models

■ Structure to Rate Model Presentation

■ Current Model

- This reflects the original model developed for SFY04
- Note that the SFY14 Adopted Rates are displayed which reflect recent increases
- The SFY 2014 Benchmark Rates are also displayed in the service summary tables for reference

■ Proposed Rebase

- This reflects the values determined through the Rebasing process

Specific Methodologies for Rate Models

- Home and Community Based Services
 - Attendant Care
 - Habilitation, Support
 - Homemaker
 - Respite, Hourly
 - Respite, Continuous

Specific Methodologies for Rate Models

Home and Community Based Services

	SFY14 Adopted	SFY14 Benchmark	Proposed Rebase Benchmark	Percent Change from Adopted Rate	Percent Change from Benchmark Rate
Attendant Care	\$14.56	\$16.09	\$19.87	36.5%	23.5%
Habilitation, Support	\$18.58	\$20.53	\$26.20	41.0%	27.6%
Homemaker	\$13.41	\$14.82	\$17.82	32.9%	20.2%
Respite, Hourly	\$14.27	\$15.77	\$20.29	42.2%	28.7%
Respite, Continuous (12 hours or more)	\$192.81	\$192.81	\$269.77	39.9%	39.9%

* The current SFY14 Adopted rate for Respite, Continuous (\$192.81) is calculated based on 13 hours.

Specific Methodologies for Rate Models

Attendant Care

<u>Service</u>	<u>SFY14 Adopted</u>	<u>Proposed Benchmark</u>	<u>% Change to Adopted</u>
Attendant Care	\$14.56	\$19.87	36.5%

- Wages increased to \$10.22
- ERE increased to 35.0%
- Added productivity factors:
 - Employer Time
 - ISP Meetings
 - Missed appointments
 - Training
- Training time of 40 hours per year built into the rate

Specific Methodologies for Rate Models

Habilitation, Support

<u>Service</u>	<u>SFY14 Adopted</u>	<u>Proposed Benchmark</u>	<u>% Change to Adopted</u>
Habilitation, Support	\$18.58	\$26.20	41.0%

- Wages increased to \$11.68
- ERE increased to 35.0%
- Added productivity factors:
 - Employer Time
 - ISP Meetings
 - Participating in Assessments
 - Missed Appointments
 - Training
- Training time of 40 hours per year built into the rate

Specific Methodologies for Rate Models

Homemaker

<u>Service</u>	<u>SFY14 Adopted</u>	<u>Proposed Benchmark</u>	<u>% Change to Adopted</u>
Homemaker	\$13.41	\$17.82	32.9%

- Wages increased to \$9.75
- ERE increased to 35.0%
- Added productivity factors:
 - Employer Time
 - Training
- Training of 40 hours per year is built into the rate

Specific Methodologies for Rate Models

Respite, Hourly

<u>Service</u>	<u>SFY14 Adopted</u>	<u>Proposed Benchmark</u>	<u>% Change to Adopted</u>
Respite, Hourly	\$14.27	\$20.29	42.2%

- Wages increased to \$10.22
- ERE increased to 35.0%
- Added productivity factors:
 - Employer Time
 - ISP Meetings
 - Participating in Assessments
 - Training
- Training time of 40 hours per year is built into the rate

Specific Methodologies for Rate Models

Respite, Continuous

<u>Service</u>	<u>SFY14 Adopted</u>	<u>Proposed Benchmark</u>	<u>% Change to Adopted</u>
Respite, Continuous	\$192.81	\$269.77	39.9%

- The current respite rate structure pays providers an hourly rate for visits of 1 to 12 hours; however for longer durations, providers are paid a daily rate
- The Proposed Benchmark Rates for Respite are based on a revised rate structure for both Hourly (12 or less hours) and Continuous (more than 12 hours per day)
- The proposed rebased rate for Respite, Continuous is based on 16 hours of service
 - Will provide incentives for supplying 13 hours of service or more

Specific Methodologies for Rate Models

- Independent Living (IDLA) Services
 - Habilitation, IDLA, Hourly
 - Habilitation, IDLA, Daily*

* This service is consistent with “Habilitation, IDLA, Hourly” during SFY 14.

Specific Methodologies for Rate Models

Independent Living Services

	SFY14 Adopted	SFY14 Benchmark	Rebase Benchmark	Percent Change From Adopted Rate	Percent Change from Benchmark Rate
Habilitation, IDLA, Hourly	\$18.77	\$20.74	\$23.33	24.3%	12.5%
Habilitation, IDLA, Daily	\$18.77	\$20.74	\$20.24	7.8%	-2.4%

Specific Methodologies for Rate Models

Habilitation, IDLA, Hourly

<u>Service</u>	<u>SFY14 Adopted</u>	<u>Proposed Benchmark</u>	<u>% Change to Adopted</u>
Habilitation, IDLA, Hourly	\$18.77	\$23.33	24.3%

- Wages decreased from \$12.36 to \$11.68
- ERE increased to 35.0%
- Added productivity factors:
 - Employer Time
 - ISP Meetings
 - Participating in Assessments
 - Training
- Training time of 40 hours per year is built into the rates

Specific Methodologies for Rate Models

Habilitation, IDLA, Daily

<u>Service</u>	<u>SFY14 Adopted</u>	<u>Proposed Benchmark</u>	<u>% Change to Adopted</u>
Habilitation, IDLA, Daily	\$18.77	\$20.24	7.8%

- Current rate model:
 - There is a single model for IDLA services
 - The IDLA Hourly rate of \$18.77 is used to calculate the IDLA Daily rates
- Proposed rate model:
 - Uses separate rates for hourly and daily - IDLA, Hourly rate for intermittent services and IDLA, Daily rate for extended services
 - Allows for better assumptions for productivity and travel for daily services as apposed to hourly services
- ERE increased to 35.0%
- Added productivity factors:
 - Employer Time
 - Training
- Training time of 40 hours per year is built into the rate

Specific Methodologies for Rate Models

- Day Treatment and Training Services
 - Day Treatment and Training, Adult (1:3.5)
 - Day Treatment and Training, Child (After-School) (1:3.5)
 - Day Treatment and Training, Child (Summer) (1:3.5)
 - Day Treatment and Training, Rural (1:3.5)
 - Behavioral/Medical Intense, Day Treatment and Training (1:1)

Specific Methodologies for Rate Models

Day Treatment and Training Services

	SFY14 Adopted	SFY14 Benchmark	Proposed Rebase Benchmark	Percent Change from Adopted Rate	Percent Change from Benchmark Rate
Day Treatment and Training, Adult (1:3.5)	\$9.53	\$10.53	\$9.98	4.7%	-5.2%
Day Treatment and Training, Children (After-School) (1:3.5)	\$9.19	\$10.16	\$11.51	25.2%	13.3%
Day Treatment and Training, Children (Summer) (1:3.5)	\$9.19	\$10.16	\$11.51	25.2%	13.3%
Day Treatment and Training, Adult - Rural (1:3.5)	\$10.58	\$11.69	\$11.36	7.4%	-2.8%
Day Treatment and Training, Intense	\$18.58	\$20.53	\$20.80	11.9%	1.3%

Specific Methodologies for Rate Models

Day Treatment & Training, Adult

- The following changes were recommended in all Day Treatment Models:
 - Revised wage mix to better match current labor pool
 - Removed the 1:9.5 staffing ratio due to no utilization
 - Eliminated the 'Transition Staffing Factor' (TSF) from the models as the transition time has passed
 - Utilized the Enhanced Mileage Rate, which includes vehicle costs
 - Recognized market increases in real estate costs
 - Separated transportation costs from Day Treatment Models

Specific Methodologies for Rate Models

Day Treatment & Training, Adult

<u>Service</u>	<u>SFY14 Adopted</u>	<u>Proposed Benchmark</u>	<u>% Change to Adopted</u>
Day Treatment & Training, Adult (1:3.5)	\$9.53	\$9.98	4.7%

- Wages decreased from \$13.22 to \$11.44 based on revised wage mix
- ERE increased to 35.0%
- Added productivity factors:
 - Employer Time
 - ISP Meetings
 - Separation of Recordkeeping and Time allocated for Facility Preparation
 - Training
- Training time of 40 hours per year built into the rates

Specific Methodologies for Rate Models

Day Treatment & Training, Child

<u>Service</u>	<u>SFY14 Adopted</u>	<u>Proposed Benchmark</u>	<u>% Change to Adopted</u>
Day Treatment & Training, Child, After-School and Summer (1:3.5)	\$9.19	\$11.51	25.2%

- Wages decreased from \$13.22 to \$11.44 based on revised wage mix
- ERE increased to 35.0%
- Added productivity factors:
 - Employer Time
 - Separation of Recordkeeping and Time allocated for Facility Preparation
 - Training Time
- Training Time of 80 hours per year is built into the rates
 - Exception from standard training time of 40 hours or 56 hours per year

Specific Methodologies for Rate Models

Day Treatment & Training, Adult, Rural

<u>Service</u>	<u>SFY14 Adopted</u>	<u>Proposed Benchmark</u>	<u>% Change to Adopted</u>
Day Treatment & Training, Adult, Rural (1:3.5)	\$10.58	\$11.36	7.4%

- Wages decreased from \$13.22 to \$11.44 based on the revised wage mix
- ERE increased to 35.0%
- Added productivity factors:
 - Employer Time
 - Separation of Recordkeeping and Time allocated for Facility Preparation
 - Training Time
- Training time of 40 hours per year is built into the rates

Specific Methodologies for Rate Models

Behavioral/Medically Intense Day Program

<u>Service</u>	<u>SFY14 Adopted</u>	<u>Proposed Benchmark</u>	<u>% Change to Adopted</u>
Behavioral/Medical Intense, Day Treatment & Training (1:1)	\$18.58	\$20.80	11.9%

- Developed 1:1 rate specific to Day Treatment
 - In current Ratebook, the hourly rate is the Habilitation, Support rate
- Wages increased to \$11.68
- ERE increased to 35.0%
- Added productivity factors:
 - Employer Time
 - ISP Meetings
 - Training Time
- Training time has been allocated to 40 hours per year

Specific Methodologies for Rate Models

- Developmental Home Services
 - Developmental Home, Adult
 - Agency Payment
 - Payment to Family, Other
 - Developmental Home, Child
 - Agency Payment
 - Payment to Family, Other
 - Room and Board, Adult
 - Room and Board, Child

Specific Methodologies for Rate Models

Developmental Home, Adult

- The following changes were recommended for the Developmental Home and Room and Board services:
 - Used a single model for Adult and Child services
 - Assumed length of relationship of four years
 - Modified the inclusion of the Habilitation, Hourly rate in payments to families to include the wage rate plus required benefits
 - Calculated the mileage cost based on mileage per visit and number of visits per year
 - Removed In-Home Supports, services will be separately billed to the Division
 - Modified the methodology for home oversight and supervision from reflecting a pre-defined number of visits and hours to a caseload model
 - Assuming oversight of 12 placements annually

Specific Methodologies for Rate Models

Developmental Home Services

	SFY14 Adopted	SFY14 Benchmark	Proposed Rebase Benchmark	Percent Change from Adopted Rate	Percent Change from Benchmark Rate
Habilitation, Vendor Supported Developmental Home (Adult)	\$99.32	\$107.83	\$92.91	-6.5%	-13.8%
Habilitation, Vendor Supported Developmental Home (Child)	\$101.31	\$109.98	\$92.91	-8.3%	-15.5%
Room and Board, Vendor Supported Dev Home (Adult)	\$12.85	\$13.53	\$19.09	48.6%	41.1%
Room and Board, Vendor Supported Dev Home (Child)	\$12.85	\$13.53	\$19.09	48.6%	41.1%

Specific Methodologies for Rate Models

Developmental Home, Adult/Child

<u>Service</u>	<u>SFY14 Adopted</u>	<u>Proposed Benchmark</u>	<u>% Change to Adopted</u>
Developmental Home, Adult	\$99.32	\$92.91	(6.5%)
Agency Services*	\$39.07	\$34.93	(10.6%)
Payment to Family, Other*	\$60.25	\$57.98	(3.7%)
Developmental Home, Child	\$101.31	\$92.91	(8.3%)
Agency Services*	\$41.06	\$34.93	(14.9%)
Payment to Family, Other*	\$60.25	\$57.98	(3.7%)

* Amounts are estimates only, actual payments may vary

- Licensure Payments
 - Initial licensure costs amortized over 4 years
- Payment for Respite, Habilitation, and Attendant Care services have been recommended to be removed from the rate

Specific Methodologies for Rate Models

Room and Board, Adult/Child

<u>Service</u>	SFY14 <u>Adopted</u>	Proposed <u>Benchmark</u>	% Change <u>to Adopted</u>
Room and Board, Adult	\$12.85	\$19.09	48.6%
Room and Board, Child	\$12.85	\$19.09	48.6%

- Updated the food expenses based on USDA Moderate-Cost Food Plan as of May 2014
 - Costs were inflated to December 2014
- Assumed food expenses of \$288.86 per person per month
 - \$9.50 per person per day

Specific Methodologies for Rate Models

■ Group Home Services

- Habilitation, Community Protection and Treatment, Group Home
- Habilitation, Group Home
- Habilitation, Nursing Supported Group Home
- Room and Board, All Group Home

Specific Methodologies for Rate Models

Group Home Services

	SFY14 Adopted	SFY14 Benchmark	Rebase Benchmark	Percent Change from Adopted Rate	Percent Change from Benchmark Rate
Habilitation, Community Protection and Treatment Group Home	\$17.55	\$21.57	\$20.76	18.3%	-3.8%
Habilitation, Group Home	\$17.55	\$19.39	\$20.61	17.4%	6.3%
Habilitation, Nursing Supported Group Home, Level I	\$323.09	\$357.00	\$368.57	14.1%	3.2%
Habilitation, Nursing Supported Group Home, Level II	\$388.00	\$428.73	\$402.84	3.8%	-6.0%
Habilitation, Nursing Supported Group Home, Level III	\$443.03	\$489.54	\$451.83	2.0%	-7.7%
Room and Board, All Group Homes (Maricopa/Urban) 3BR	\$22.14	\$23.30	\$29.19	31.8%	25.3%
Room and Board, All Group Homes (Maricopa/Urban) 4BR	\$19.73	\$20.77	\$26.79	35.8%	29.0%
Room and Board, All Group Homes (Maricopa/Urban) 5BR	\$19.20	\$20.21	\$26.21	36.5%	29.7%
Room and Board, All Group Homes (Flagstaff/Rural) 3BR	\$22.61	\$23.80	\$29.08	28.6%	22.2%
Room and Board, All Group Homes (Flagstaff/Rural) 4BR	\$20.14	\$21.20	\$27.88	38.4%	31.5%
Room and Board, All Group Homes (Flagstaff/Rural) 5BR	\$19.58	\$20.61	\$26.70	36.4%	29.5%

Specific Methodologies for Rate Models

Habilitation, CPT Group Home

<u>Service</u>	<u>SFY14 Adopted</u>	<u>Proposed Benchmark</u>	<u>% Change to Adopted</u>
Habilitation, CPT Group Home	\$17.55	\$20.76	18.3%

- Wages decreased from \$12.09 to \$11.44, removal of incentive
- ERE increased to 35.0%
- Added productivity factors:
 - Employer Time
 - Training Time
- Training time of 56 hours per year is built into the rate
- Enhanced Mileage Rate of \$0.82 per mile is utilized in the model

Specific Methodologies for Rate Models

Habilitation, Group Home

<u>Service</u>	<u>SFY14 Adopted</u>	<u>Proposed Benchmark</u>	<u>% Change to Adopted</u>
Habilitation, Group Home	\$17.55	\$20.61	17.4%

- Wages increased from \$10.99 to \$11.44
- ERE increased to 35.0%
- Added productivity factors:
 - Employer Time
 - Training Time
- Training time of 40 hours per year is built into the rate
- Enhanced Mileage Rate of \$0.82 per mile is utilized in the model

Specific Methodologies for Rate Models

Habilitation, Nursing Supported Group Home

<u>Service</u>	<u>SFY14 Adopted</u>	<u>Proposed Benchmark</u>	<u>% Change to Adopted</u>
Habilitation, Nursing Supported Group Home			
Level I	\$323.09	\$368.57	14.1%
Level II	\$388.00	\$402.84	3.8%
Level III	\$443.03	\$451.83	2.0%

- Assumes five (5) residents per home
- Staffing assumes use of RNs and CNAs
- Productivity factor for Training of 56 hours per year
- Enhanced Mileage Rate of \$0.82 per mile is utilized in the model

Specific Methodologies for Rate Models

Room and Board, All Group Homes

<u>Service</u>	<u>SFY14 Adopted</u>	<u>Proposed Benchmark</u>	<u>% Change to Adopted</u>
Room and Board, All Group Homes, Urban			
3 BDR, Cap/Occ 3/3	\$22.14	\$29.19	31.8%
4 BDR, Cap/Occ 4/4	\$19.73	\$26.79	35.8%
Room and Board, All Group Homes, Rural			
3 BDR, Cap/Occ 3/3	\$22.61	\$29.08	28.6%
4 BDR, Cap/Occ 4/4	\$20.14	\$27.88	38.4%

- Proposed model assumes one individual per bedroom
 - Based on survey results
- Rental payments were derived based on the size of the home and its geographical location
 - Utilized data from the U.S. Department of Housing and Urban Development (HUD)
- CWG recommended two rate models be supported
 - Urban (Maricopa and Pima)
 - Rural (Excludes Maricopa and Pima)

Specific Methodologies for Rate Models

■ Professional Services

- Home Health Aide
- Nursing, Visit
- Nursing, Intermittent
- Nursing, Continuous
- Nursing, Respite
- Therapy Services, Clinical
- Therapy Services, Natural
- Therapy Assistants, Clinical
- Therapy Assistants, Natural
- Respiratory Therapy, Clinical
- Respiratory Therapy, Natural

Specific Methodologies for Rate Models

Professional Services

	SFY14 Adopted	SFY14 Benchmark	Proposed Rebase Benchmark	Percent Change from Adopted Rate	Percent Change from Benchmark Rate
Home Health Aide	\$17.20	\$19.01	\$25.83	50.2%	35.9%
Nursing Visit (Urban)	\$36.72	\$40.57			
Nursing Visit (Rural)					
Nursing Visit (RN)			\$67.97	85.1%	67.5%
Nursing Visit (LPN)			\$53.33	45.2%	31.5%
Nursing, Intermittent (Urban)	\$36.72	\$40.57			
Nursing, Intermittent (Rural)					
Nursing, Intermittent (RN)			\$70.65	92.4%	74.1%
Nursing, Intermittent (LPN)			\$55.21	50.4%	36.1%
Nursing, Continuous	\$36.72	\$40.57			
Nursing, Continuous (RN)			\$53.64	46.1%	32.2%
Nursing, Continuous (LPN)			\$41.40	12.7%	2.0%
Nursing, Respite	\$36.72	\$40.57			
Nursing, Respite (RN)			\$53.64	46.1%	32.2%
Nursing, Respite (LPN)			\$41.40	12.7%	2.0%
Therapy, Clinic (OT, PT SLP)	\$56.83	\$57.52	\$69.17	21.7%	20.3%
Therapy, Natural (OT, PT SLP)	\$70.54	\$77.94	\$91.81	30.2%	17.8%
Therapy Evaluation, Clinic (OT, PT SLP)	\$156.17	\$172.56	\$207.51	32.9%	20.3%
Therapy Evaluation, Natural (OT, PT SLP)	\$174.65	\$192.98	\$230.15	31.8%	19.3%
Therapy Assistant, Clinic (OT, PT SLP)	\$39.69	\$43.86	\$48.00	20.9%	9.4%
Therapy Assistant, Natural (OT, PT SLP)			\$64.14		
Respiratory Therapy (Clinic)	\$33.49	\$37.01	\$45.44	35.7%	22.82%
Respiratory Therapy (Natural)			\$60.37		

Specific Methodologies for Rate Models

Home Health Aide

<u>Service</u>	<u>SFY14 Adopted</u>	<u>Proposed Benchmark</u>	<u>% Change to Adopted</u>
Home Health Aide	\$17.20	\$25.83	50.2%

- Wages increased to \$10.47
- ERE increased to 35.0%
- Added productivity factors:
 - Employer Time
 - Missed Appointments
 - Training Time
- Training time of 40 hours per year was built into the rate
- Included cost of hourly wages and ERE for supervision staff

Specific Methodologies for Rate Models

Nursing

<u>Service</u>	<u>SFY14 Adopted</u>	<u>Proposed Benchmark (RN's)</u>	<u>% Change to Adopted</u>
Nursing, Visit	\$36.72	\$67.97	85.1%
Nursing, Intermittent	\$36.72	\$70.65	92.4%
Nursing, Continuous	\$36.72	\$53.64	46.1%
Nursing, Respite	\$36.72	\$53.64	46.1%

- Based on feedback and to better meet the needs of members, the Division directed the CWG to construct a Nursing, Visit rate for services provided in less than one hour
- Developed separate rates for RNs and LPNs
 - There is no longer a blended rate
- Training of 56 hours per year is built into the rate
- Program support costs of 4% built into the rate
- Supervision cost of 30 min. per day built into the rate for LPNs
- Third Party Liability factor of 1% is included in the rate

Specific Methodologies for Rate Models Therapy (OT, PT, SLP)

<u>Service</u>	<u>SFY14 Adopted</u>	<u>Proposed Benchmark</u>	<u>% Change to Adopted</u>
Therapy, Clinical	\$56.83	\$69.17	21.7%
Therapy, Natural	\$70.54	\$91.81	30.2%

- Utilizing ERE rate of 23.0%
- Added productivity factors:
 - Recordkeeping and Documentation
 - Consultation with Providers/Family
 - Employer Time
- Training of 56 hours per year is built into the rate
- Program support costs of 4% built into the rate
- Third Party Liability factor of 1% is included in the rate

Specific Methodologies for Rate Models

Therapy Assistant (OT, PT, SLP)

<u>Service</u>	<u>SFY14 Adopted</u>	<u>Proposed Benchmark</u>	<u>% Change to Adopted</u>
Therapy Asst., Clinical	\$39.69	\$48.00	20.9%
Therapy Asst., Natural		\$64.14	

- Unified rate for all Therapy Assistants
- Wages determined by BLS
- Utilizing ERE rate of 30.0%
- Added productivity factors:
 - Recordkeeping and Documentation
 - Consultation with Providers/Family
 - Employer Time
- Training of 56 hours per year is built into the rate
- Program support costs of 4% built into the rate
- Third Party Liability factor of 1% is included in the rate

Specific Methodologies for Rate Models

- Employment Services
 - Center-Based Employment (1:6)
 - Group Supported Employment (1:3)
 - Individual Supported Employment
 - Transition to Employment (1:4)

Specific Methodologies for Rate Models

	SFY14 Adopted	SFY14 Benchmark	Rebase Benchmark	Percent Change from Adopted	Percent Change from Benchmark
Center-Based Employment (High Density) (1:6)	\$4.99	\$5.51	\$6.16	23.4%	11.8%
Center-Based Employment (Low Density) (1:6)	\$5.48	\$6.06	\$6.54	19.2%	7.9%
Group Supported Employment (High Density) (1:3)	\$11.03	\$12.19	\$11.79	6.9%	-3.3%
Group Supported Employment (Low Density) (1:3)	\$12.66	\$13.99	\$12.48	-1.4%	-10.8%
Individual Supported Employment, Job Coaching (High Density)	\$25.38	\$28.04	\$41.76	64.5%	48.9%
Individual Supported Employment, Job Coaching (Low Density)	\$27.92	\$30.85	\$57.51	106.0%	86.4%
Individual Supported Employment, Job Development (High Density)			\$40.63	60.1%	44.9%
Individual Supported Employment, Job Development (Low Density)			\$43.24	54.9%	40.2%
Transition to Employment (1:4), Urban	\$11.03	\$12.19	\$10.30	-6.6%	-15.5%
Transition to Employment (1:4), Rural	\$12.66	\$13.99	\$11.13	-12.1%	-20.4%

Specific Methodologies for Rate Models

Center-Based Employment

<u>Service</u>	<u>SFY14 Adopted</u>	<u>Proposed Benchmark</u>	<u>% Change to Adopted</u>
CBE (1:6), Urban	\$4.99	\$6.16	23.4%
CBE (1:6), Rural	\$5.48	\$6.54	19.2%

- Wages increased to \$11.71
- ERE increased to 35.0%
- Added productivity factors:
 - ISP Meetings
 - Recordkeeping and Documentation
 - Employer Time
 - Job Development Time
 - Training (40 hours per year)
- Added ratios of 1:3 and 1:9
- A 25% capital adjustment factor applies to capital costs
- In-program transportation costs are not included in the rebased rates

Specific Methodologies for Rate Models

Group Supported Employment

<u>Service</u>	<u>SFY14 Adopted</u>	<u>Proposed Benchmark</u>	<u>% Change to Adopted</u>
GSE (1:3), Urban	\$11.03	\$11.79	6.9%
GSE (1:3), Rural	\$12.66	\$12.48	(1.4%)

- ERE increased to 35.0%
- Added productivity factors:
 - ISP Meetings
 - Employer Time
 - Revised Training to 40 hours per year
- Developed the proposed rate models based on different staffing ratios (i.e., 1:2 through 1:6)
- Removed staffing ratios/group sizes of 1:7 and 1:8
- Removed the capital costs component from the rate

Specific Methodologies for Rate Models

Individual Supported Employment

<u>Service</u>	<u>SFY14 Adopted</u>	<u>Proposed Benchmark Job Coaching</u>	<u>% Change to Adopted</u>
ISE, Urban	\$25.38	\$41.76	64.5%
ISE, Rural	\$27.92	\$57.51	106.0%

- Wages increased to \$14.56
- ERE is 30.0%
- Added productivity factors:
 - ISP Meetings
 - Participating in Assessments
 - Employer Time
 - Training (40 hours per year)
- Removed supply costs, capital costs, and program compliance costs from the rate
- Developed separate rates for Job Coaching and Job Development

Specific Methodologies for Rate Models

Transition to Employment

<u>Service</u>	<u>SFY14 Adopted</u>	<u>Proposed Benchmark</u>	<u>% Change to Adopted</u>
TTE (1:4), Urban	\$11.03	\$10.30	(6.6%)
TTE (1:4), Rural	\$12.66	\$11.13	0.9%

- New Service added to Employment Support Services
- Rate is built based on a 1:4 staffing ratio
- Service will “provide a Division member with individualized instruction, training, and supports to promote skill development for integrated and competitive employment.”

Specific Methodologies for Rate Models

- Specialized Habilitation Services
 - Habilitation with Music Therapy
 - Habilitation, Consultation
 - Licensed Psychologist
 - Licensed Behavior Analyst
 - BCBA (Board Certified Behavior Analyst)
 - BCABA (Board Certified Assistant Behavior Analyst)
 - Habilitation, Early Childhood Autism Specialized
 - Masters
 - Bachelors
 - Habilitation Hourly

Specific Methodologies for Rate Models

Specialized Habilitation Services

	SFY14 Adopted	SFY14 Benchmark	Proposed Rebase Benchmark	Percent Change from Adopted Rate	Percent Change from Benchmark Rate
Habilitation with Music Therapy	\$18.58	\$40.10	\$39.66	113.5%	-1.1%
Habilitation Consultation, Psychologist (Urban)	\$125.00	\$125.00	\$124.77	-0.2%	-0.2%
Habilitation Consultation, Psychologist (Rural)	\$140.00	\$140.00	\$147.97	5.7%	5.7%
Habilitation Consultation, Licensed Behavior Analyst	\$60.00	\$60.00	\$59.45	-0.9%	-0.9%
Habilitation Consultation, BCBA	\$54.30	\$60.00	\$54.85	1.0%	-8.6%
Habilitation Consultation, BCABA	\$36.20	\$40.00	\$42.84	18.3%	7.1%
Habilitation, Early Childhood Autism Specialized (Masters)	\$54.30	\$60.00	\$54.85	1.0%	-8.6%
Habilitation, Early Childhood Autism Specialized (Bachelors)	\$36.20	\$40.00	\$42.84	18.3%	7.1%
Habilitation, Early Childhood Autism Spec Hourly Habilitation	\$20.53	\$20.53	\$25.38	23.6%	23.6%

Specific Methodologies for Rate Models

Habilitation with Music Therapy

<u>Service</u>	<u>SFY14 Adopted</u>	<u>Proposed Benchmark</u>	<u>% Change to Adopted</u>
Specialized Habilitation with Music Therapy	\$18.58	\$39.66	113.5%

- ERE remains at 30%
- Added productivity factors:
 - Employer Time
 - Missed Appointments
 - ISP Meetings
 - Participating in Assessments
 - Training Time
- Training Time of 56 hours per year built into the rate

Specific Methodologies for Rate Models

Habilitation Consultation

<u>Service</u>	<u>SFY14 Adopted</u>	<u>Proposed Benchmark</u>	<u>% Change to Adopted</u>
Psychologist, Urban	\$125.00	\$124.77	(0.2%)
Psychologist, Rural	\$140.00	\$147.97	5.7%
Licensed Behavioral Analyst	\$60.00	\$59.45	(0.9%)
BCBA	\$54.30	\$54.85	1.0%
BCABA	\$36.20	\$42.84	18.3%

- ERE at 23%
- Productivity factors:
 - Employer Time
 - Recordkeeping and Documentation
 - Missed Appointments
 - Training Time
- Training Time of 56 hours per year built into the rate

Specific Methodologies for Rate Models

Habilitation, Early Childhood Autism

<u>Service</u>	<u>SFY14 Adopted</u>	<u>Proposed Benchmark</u>	<u>% Change to Adopted</u>
Masters	\$54.30	\$54.85	1.0%
Bachelors	\$36.20	\$42.84	18.3%
Hourly Habilitation	\$20.53	\$25.38	23.6%

- ERE at 23% for Habilitation Early Childhood Autism Masters and Bachelors
 - ERE at 35% for Habilitation Early Childhood Autism Spec. Hourly
- Productivity factors:
 - Employer Time
 - Recordkeeping and Documentation
 - Missed Appointments
 - Training Time
- Training Time of 56 hours per year built into the rate
- Program support of 4% included in the rate for Masters and Bachelors; Program support of 8% for Hourly

Specific Methodologies for Rate Models

■ Transportation Services

- Flat Trip Rate for Regularly Scheduled Daily Transportation (Urban, Adult)
- Flat Trip Rate for Regularly Scheduled Daily Transportation (Rural, Adult)
- Single Person Modified (Urban)
- Single Person Modified (Rural)
- Extensive Transportation

Specific Methodologies for Rate Models

Transportation Services

	SFY14 Adopted	SFY14 Benchmark	Proposed Rebase Benchmark	Percent Change from Adopted Rate	Percent Change from Benchmark Rate
Flat Trip Rate for Regular Scheduled Daily Transportation, Adult	\$9.17	\$9.09	\$12.85	40.1%	41.4%
Flat Trip Rate for Regular Scheduled Daily Transportation, Rural	\$13.14	\$12.13	\$21.73	65.4%	79.1%
Flat Trip Rate for Regular Scheduled Daily Transportation, Child	\$9.17	\$9.09	\$12.85	40.1%	41.4%
Employment Related Transportation (Urban)	\$9.32	\$9.09	\$12.85	37.9%	41.4%
Employment Related Transportation (Rural)	\$13.14	\$12.13	\$21.73	65.4%	79.1%
Single Person Modified Rate, Urban	\$16.44	\$18.17	\$23.83	44.9%	31.2%
Single Person Modified Rate, Rural	\$21.93	\$24.23	\$36.25	65.3%	49.6%
Extensive Distance Modified Rate (Urban)	\$16.45	\$18.18	\$42.68	159.4%	134.8%
Extensive Distance Modified Rate (Rural)	\$21.94	\$24.24			

Specific Methodologies for Rate Models

Regularly Scheduled Daily Transportation

<u>Service</u>	<u>SFY14 Adopted</u>	<u>Proposed Benchmark</u>	<u>% Change to Adopted</u>
<i>Flat Trip Rate for Regularly Scheduled Daily Transportation</i>			
Urban, Adult	\$9.17	\$12.85	40.1%
Rural, Adult	\$13.14	\$21.73	65.4%

- Added additional staff members for supervision during transportation
 - Assumed two staff members on half of the trips
- Developed one rate to apply to transportation for Day Treatment and Employment programs for Adults and Children
- Assumed hourly wage at same level as Day Treatment staff
- ERE increased to 35%
- Replaced the cost element of 'Transportation Capital' with the 'Enhanced Mileage Rate'

Specific Methodologies for Rate Models

Single Person Modified

<u>Service</u>	<u>SFY14 Adopted</u>	<u>Proposed Benchmark</u>	<u>% Change to Adopted</u>
<i>Single Person Modified</i>			
Urban	\$16.44	\$23.83	44.9%
Rural	\$21.93	\$36.25	65.3%

- Assumed two staff members, to transport one individual
- Rate applies to transportation for Day Treatment and Employment programs for Adults and Children
- Assumed hourly wage at same level as Day Treatment staff
- ERE increased to 35%
- Replaced the cost element of 'Transportation Capital' with the 'Enhanced Mileage Rate'

Specific Methodologies for Rate Models

Extensive Distance Modified

<u>Service</u>	<u>SFY14 Adopted</u>	<u>Proposed Benchmark</u>	<u>% Change to Adopted</u>
<i>Extensive Distance Modified</i>	\$16.45	\$42.68	159.4%

- Assumed two staff members on every other trip
 - Additional staff time included
- Rate applies to transportation for Day Treatment and Employment programs for Adults and Children
- Assumed hourly wage at same level as Day Treatment staff
- ERE increased to 35%
- Replaced the cost element of 'Transportation Capital' with the 'Enhanced Mileage Rate'
 - Additional mileage costs included



Arizona Department of Economic Security
Division of Developmental Disabilities
Rebase Project



Rebase Rate Development
Closing

Release of Information

- Available on-line:

<https://www.azdes.gov/landing.aspx?id=2474>

- *RebaseBook 2014*
- *Provider Survey Results*

Next Steps

Comment Period

- *Comments can be submitted through November 10, 2013:*
 - *Email: AZDDDRebase@navigant.com*
 - *Fax: 602-241-8529*
 - *Mail: Burns & Associates, Inc.*
 - Attn: Steven Abele*
 - 3030 N. 3rd Street, Suite 200*
 - Phoenix, AZ, 85012*
 - *Hand Delivery: (Monday through Friday 9:00am – 5:00pm)*
 - Burns & Associates, Inc.*
 - Attn: Steven Abele*
 - 3030 N. 3rd Street, Suite 200*
 - Phoenix, AZ 85012*
 - 602-241-8521*

Next Steps

Comment Period

- Identify comments by “DDD Rate Rebase 2014”
- To avoid duplication please use only one of the methods described
- Please include the following information about the Commenter in the submittal:
 - First, Middle, and Last Name
 - Mailing Address, including City, State, Postal Code
 - Email Address
 - Phone Number
 - Fax Number
 - Organization's Name
- To ensure comments are understood please reference the service and the page number in the document